

DPD-0749-60

#501

REPLY TO:  
Comptroller, USAF  
Eastern District  
Liaison Office  
P.O. Box 8155, S.W. Station  
Washington, D. C.

26 January 1960

SUBJECT: Report on Evaluation of Proposal of  
Thompson Ramo Wooldridge, Inc.  
to Provide Field Services and Support  
for Customers A and C during fiscal  
year 1960 under Contracts A102, A103,  
HF-A-104 and HF-CT-699  
Period: 1 July 1959 - 30 June 1960

TO : Contracting Officer

REF. : DPD-4976-59

1. Pursuant to referenced request dated 20 July 1959, a review has been made of the direct labor hourly rates, overhead, material handling, and G & A expense rates used in the proposal and the Contractor's related Computations have been verified. Because of the nature of the work involved, the determination of the reasonableness of man-months to be utilized, purchased parts requirements and the estimated cost of travel was not included within the scope of our review.

2. Labor Rates: The hourly rates used in the contractor's proposal are considered to be reasonably in line with average experienced rates as computed by the contractor with certain exceptions, the net effect of which is insignificant. In some instances the labor rates used in the proposal were the established bidding rates, based upon projections of average experienced rates plus estimated accretions. In other instances the labor rates used in the

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proposal were computed on the basis of average salary rates of specific individuals (presently employed and/or to be hired) expected to be utilized on the subject contracts, plus allowances for anticipated general and merit increases. Generally the specific rates so developed were lower than the established bidding rates and, therefore, the net effect of methods employed by the contractor in developing hourly rates under the subject proposals for fiscal year 1960 are not considered to be disadvantageous to the Government.

3. Burden Rates: A comparison between the burden rates used in the subject proposals and the current unadjusted experienced rates is presented below:

|                                                    | <u>Rates Used<br/>in Subject<br/>Proposals</u> | <u>Unadjusted<br/>Experienced<br/>Rates - 1 Jan. 59<br/>31 Oct. 59</u> |
|----------------------------------------------------|------------------------------------------------|------------------------------------------------------------------------|
| Research and Development<br>(Engineering) Overhead |                                                |                                                                        |
| Field Engineering Overhead                         |                                                |                                                                        |
| Manufacturing Labor Overhead                       |                                                |                                                                        |
| Manufacturing Material Overhead                    |                                                |                                                                        |
| G & A Expense                                      |                                                |                                                                        |
| Including General Research                         |                                                |                                                                        |
| Excluding General Research                         |                                                |                                                                        |

As a matter of further information, the contractor has been utilizing the following rates in preparing CPTF proposals on other Government Contracts:

|                                                    | <u>For 1959</u> | <u>For 1960</u> |
|----------------------------------------------------|-----------------|-----------------|
| Research and Development<br>(Engineering) Overhead |                 |                 |
| Field Engineering Overhead                         |                 |                 |
| Manufacturing Labor Overhead                       |                 |                 |
| Manufacturing Material Overhead                    |                 |                 |
| G & A Expense                                      |                 |                 |